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Report Highlights:

Rising food prices undermine government claims, *India to import rice for the first time in two decades*, *South Indian mills to begin importing wheat in containers*, * FICCI Chief says drought need not fuel inflation, *, *Number of Indian billionaires set to double in 2009*, *India's Environment Minister Jairam says "Don't eat beef, save the earth"*, *Government may rework pricing ordinance for sugarcane*, *Pressure to curb cotton exports*, * Biotech regulator bill held up by differences among Ministries*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India,

reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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RIISING FOOD PRICES UNDERMINE GOVERNMENT CLAIMS

The United Progressive Alliance (UPA) Government claims about "efficient management" of food essentials for *aam aadmi* (common man) are being called into question as the official food price index showed a sharp increase of 14.55 percent for the week ending November 7. The figures have formally established that food inflation is now beyond the politically permissible limits, showing a sharp divergence between the government policies and the concerns of the common man (who spends about 45 percent of his income on food). According to the government's own statistics, the price of potatoes has gone up by 102.47 percent, onions by 38.24 percent, pulses by 27.03 percent. (Source: Economic Times, 11/20/09)

INDIA TO IMPORT RICE FOR THE FIRST TIME IN TWO DECADES

The government has stated that it may have to import rice – for the first time in 20 years – to make up for the shortfall in kharif (fall and early winter harvested) rice crop even though it has surplus stocks in its warehouses. Finance Minister Pranab Mukherjee made this statement amid reports of the opposition political parties planning to put the government on the mat over rising food prices during the Parliament's winter session. "We have started the rice season, which began in October, with surplus stocks. Even for wheat, the government has surplus stocks. Since there is a projection that there would be some shortfall in the kharif [rice] crop, to make it up we may have to make some imports, but exactly what quantum and at what point of time we will decide later," he said. Earlier, Commerce Minister Anand Sharma, who is also a member of the GOI's Ministerial Panel to monitor food grain prices, had said the government was in talks with top rice exporting countries such as Thailand for buying rice without involving private traders. (Source: Times of India, 11/19/09)

SOUTH INDIAN MILLS TO BEGIN IMPORTING WHEAT IN CONTAINERS

Flour millers in South India have begun importing wheat from Australia despite India's stiff plan quarantine norms. "We have imported 250 tons of wheat in containers. Imports are possible only in containers and not in bulk since sellers have to literally clean the wheat to meet our quarantine norms," said one south Indian miller. He said imported wheat costs \$300 to \$315 (Rs. 13,900 to 14,575) per ton CIF at Tuticorin port. "Forget the price factor, we are getting premium wheat at

competitive price,” one miller said. The other major factor in importing wheat is guaranteed supply. The Roller Flour Millers’ Federation of India has urged the government to ease the plant quarantine norms for import. It has asked for restoration of the order passed by the government in 2006 to facilitate bulk imports when wheat production dropped sharply. (Source: Business Line, 11/18/09)

FICCI CHIEF SAYS DROUGHT NEED NOT FUEL INFLATION

Supply side pressure arising from the drought can be managed if the government has a clearly laid-out plan to move commodities to areas that need the supplies, said Dr. Amit Mitra, Secretary General, Federation of Indian Chambers of Commerce and Industry (FICCI). He said there is enough buffer stocks to make good any shortage arising out of the drought. “If the buffer stock can be moved to the target areas, which is a challenge, then the partial drought can be managed,” he said. Therefore, the drought-related supply constraints may not be inflationary, he commented. (Source: Business Line, 11/19/09)

NUMBER OF INDIAN BILLIONAIRES SET TO DOUBLE IN 2009

India’s billionaire list has almost doubled in 2009, reaching a total of 52 - two short of what the country had at the peak of stock market boom in 2007. The combined net worth of India’s 100 richest people doubled to \$276 billion – almost a quarter of the country’s GDP- according to the latest Forbes’ India Rich List. Reliance Industries Chairman Mukesh Ambani, with a personal wealth of \$32 billion, is India’s wealthiest man. (Source: Hindustan Times, 11/20/09)

INDIA’S ENVIRONMENT MINISTER JAIRAM SAYS “DON’T EAT BEEF, SAVE THE EARTH”

At the launch of a United Nations report on world population, Environment Minister suggested stop eating beef to save the world. The Minister also called on rest of the world to slash beef consumption to fight global warming. “The single most important cause of (carbon) emission is eating beef,” he said. “My formula is: stop eating beef. This would stop the emission of methane.” While the Minister quoted a number of studies to support his view, the issue is one that has been hotly debated for years. (Source: Hindustan Times, 11/20/09)

GOVERNMENT MAY REWORK PRICING ORDINANCE FOR SUGARCANE

The Government is trying to find a middle path in the impasse over the recent sugarcane pricing ordinance. According to the government sources, the center may rework the Sugarcane (Control) Order to relieve the states burden and appease a united opposition that claims to have the power to defeat the bill in the upper house. The new ordinance, promulgated last month, introduced a fair and remunerative price (FRP) as a uniform price at which mills will procure sugarcane.

Earlier, the states (mainly Uttar Pradesh and a few others) announced a procurement price over and above the centre-advised price which mills had to pay. The new ordinance now requires state governments to pay the difference over and above the FRP. (Source: Business Standards, 11/20/09)

PRESSURE TO CURB COTTON EXPORTS

The Government is again under pressure from the domestic textile mills lobby to ban raw cotton export. A subsidy on exports last year had put the mills under a great disadvantage, as they had to pay more for cotton than their competitors overseas. That subsidy was unwarranted—it only enriched some trading intermediaries, not growers—but there is no justification either for the ban mills want on exports, for cotton availability during the 2009-10 season is estimated to be large, leaving a decent amount of export surplus after meeting all of the mills' needs. The adverse effects of an embargo on raw cotton export would be incalculable and may take a long time to correct. (Source: Business Line, 11/20/09)

BIOTECH REGULATOR BILL HELD UP BY DIFFERENCES AMONG MINISTRIES

India's plan to establish an independent biotechnology regulator is unlikely to take shape before late next year, three government officials said, speaking on condition of anonymity. The National Biotechnology Regulatory Authority (NBRA), an independent entity to regulate a spectrum of biotechnology activities including vaccines, seeds and biological products, which require genetic engineering, requires parliamentary approval to come into being. A draft of the enabling Bill was put up on the website of the department of biotechnology (DBT) in May for public comments, but officials say it is unlikely to be taken up in Parliament's winter session beginning on November 19. Currently, the Bill is with the Law Ministry, which is yet to approve it. Before the draft Bill is tabled in Parliament, it also requires clearance from the Union Cabinet. Some portions of the proposed Bill conflict with functions of the health and environment ministries and resolving them has put brakes on the Bill's progress, said officials associated with. (Source: Live mint, 11/17/09)

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